Nation's Restaurant News®
THE NEWSWEEKLY OF THE FOODSERVICE INDUSTRY
SECOND CLASS
Vol. 25, No. 43 | Published every Monday by Lebhar-Friedman Inc., $3 per issue | November 4, 1991

Foodservice rallies during Oakland fire

Operators lend helping hand to victims, volunteers

by Alan Liddle

OAKLAND, Calif. — Proving that their much-lauded generosity following the 1989 Loma Prieta earthquake was no fluke, area foodservice operators and suppliers rallied quickly to help emergency relief organizations feed thousands of firefighters and people displaced by the devastating Oakland hills fire storm.

By the close of business on the fourth day after the fire began — the day authorities declared the blaze "100 percent controlled" — approximately 45,000 meals had been served to fire crews, displaced residents and volunteers. That estimate was based on figures supplied by representatives of the American Red Cross, California Department of Forestry and Salvation Army.

More Oakland fire photos appear on page 7

In all, it took more than 1,300 firefighters to control the wind-driven inferno, which killed at least 24 people and destroyed an estimated 2,800 homes and 600 apartments. As the crisis ebbed and word of good deeds flowed from public-service agencies, it became evident that companies and individuals from the hospitality industry had acquitted themselves admirably.

"I can tell you that a number of food providers have been tremendously generous, including Carl's Jr. and Marriott," Doug Sandy, the Red Cross' assistant mass care officer in charge of feeding, reported. "A

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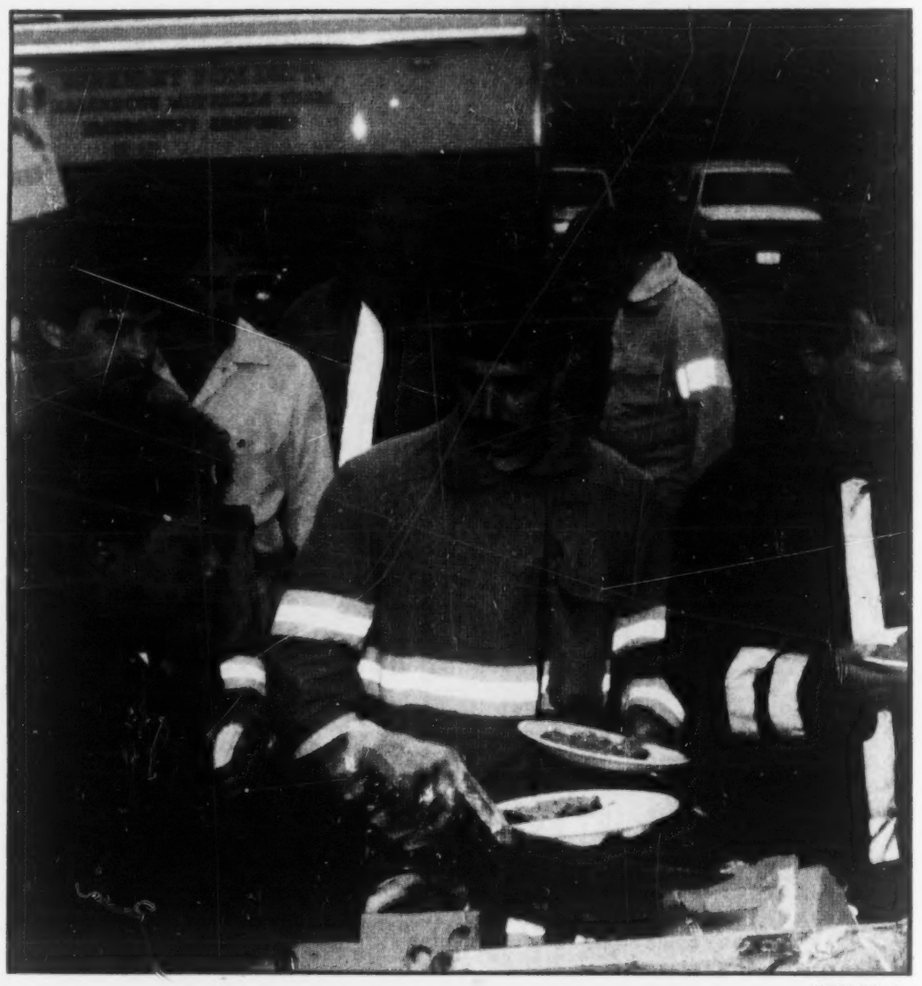

NRN Photo

Lt. Myrtle Walcott of the Salvation Army, left, slices up meat loaf from Trudy's restaurant for a line of hungry firefighters.

NRN Photo

Don Martin, left, and Tony Mantuano, co-owners of TuttaPosto, a loftlike 'taverna,' which is located in downtown Chicago.

New Chicago lure: *The Mediterranean*

by Carolyn Walkup

CHICAGO — Flavors of the Mediterranean are the latest to be blended into Chicago's already aromatic melting pot.

Three downtown restaurants are featuring dishes with influences from Spain, Portugal, Morocco, Italy, Greece, southern France and even Israel. They are TuttaPosto, a loftlike "taverna" co-owned by Tony Mantuano and Don Martin, both formerly from the Levy

(See CHICAGO, page 83)

Landmarks fall victim to LA's economic slump

by Richard Martin

LOS ANGELES — A pair of local landmarks — Lawry's California Center and the Westin Bonaventure Hotel — have surrendered in the face of recessionary forces, providing more unneeded reminders of the economic perils facing Southern California's hospitality industry.

The 17-acre Lawry's California Center, a hacienda-style outdoor dining and food-manufacturing complex north of downtown Los Angeles, will close on Jan. 3 as part of a consolidation by its owner, the Thomas J. Lipton Co.

Although more than 10 million tourists and locals have been drawn to the fountain-dappled garden setting, "the financial burden of operating the center has grown significantly in recent years and makes discontinuing the public facility necessary," the company said in a statement.

Officials of Lipton said the firm never profited from the center's restaurants, wine shop, catering and gift operations, which were opened as a showcase for food products manufactured at the center. Earlier this year the company put the property on the market and transferred its Lawry's-brand seasoning and sauce operations to out-of-state factories.

Lipton bought the center in 1979 from the Frank and Van de Kamp families, who operate the unaffected Lawry's Prime

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Killeen lessons: Do what you can to help
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Hotel industry gathers for 76th annual show
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Grocers swap ideas on boosting food sales

by Theresa Howard

ST. LOUIS — Grocers looking to steal business away from restaurateurs gathered here to share strategies for boosting foodservice sales.

Supermarket operators were on hand to learn how to develop signature items, improve packaging and displays, expand catering services and personalize marketing techniques.

"The No. 1 benefit of consumers' eating out less is that it is creating an area of opportunity for our industry," said Clay Collier, director of research for the Food Marketing Institute, at the second annual Supermarket Foodservice Conference sponsored by FMI and the National American Wholesale Grocers' Association. But supermarket operators must

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Nation's Restaurant News (ISSN 0028-0518) is published weekly, every Monday except the first Monday in July and the last Monday in December, by Lebhar-Friedman, Inc., 425 Park Ave., New York, N.Y. 10022. Second-class postage paid at New York, N.Y., and additional mailing offices. POSTMASTER: Send change of address to Subscription Department, Nation's Restaurant News, P.O. Box 31179, Tampa, Fla. 33631-3179.

For change of address, please write Subscription Dept., Nation's Restaurant News, P.O. Box 31179, Tampa, Fla. 33631-3179.

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NEWS BRIEFS

Democrats air plan to make health insurance more affordable

WASHINGTON — In an attempt to bring employee health insurance within reach of more small businesses like restaurants, two Democratic congressional leaders have introduced legislation to lower the cost of coverage sharply.

Among other things, the legislation would allow self-employed persons to deduct the full cost of their health insurance from their taxable income. Currently they can write off only 25 percent of the cost.

The initiative also would require insurers to offer coverage for small companies at rates no more than 25 percent above the premiums for larger concerns. At present, insurers often charge a huge premium for extending coverage to a small operation because fewer people are contributing to the pool from which benefits are paid out. The illness of a single member can eat up the whole reserve. For that reason many insurers simply refuse to cover small companies.

The legislation was drafted specifically to help businesses with fewer than 51 employees to afford health insurance. It is sponsored by Sen. Lloyd Bentsen, D-Texas, chairman of the Senate Finance Committee, and Rep. Dan Rostenkowski, D-Ill., chairman of the House Ways and Means Committee. Their prominence on Capitol Hill enhances the bill's chances of being passed.

KFC plucks broiled entrée from sales tests

LOUISVILLE, Ky. — Kentucky Fried Chicken has scrapped tests of its Monterey Broil broiled-chicken entrée to further refine the product in the lab.

"We're back to the drawing board," said Steve Provost, vice president of public affairs. "Monterey Broil has got to be better than something you can make at home."

The entrée had been viewed as a critical component of KFC's efforts to update its image and appeal to consumers seeking more healthful alternatives to the chain's fried chicken.

Provost said that a spicier reformulated product would likely be offered overseas before being tried in the United States.

In several markets the company is still conducting tests of a Monterey Broil sandwich, which is made with a skinless broiled chicken breast. The Monterey Broil on-the-bone product was being tested in Louisville, Ky., and in Las Vegas and Reno, Nev.

Luby's delays decision on fate of Killeen unit

KILLEEN, Texas — Luby's officials say they will wait until at least late November before deciding whether or not to reopen the unit here that was the site of the worst multiple shooting in U.S. history.

However, the cafeteria's 45 employees have been told that they will remain on the company's payroll.

"We . . . know that they will need a period of time to deal with this situation personally," Ralph Erben, Luby's president, told Dow Jones News Service.

Two more persons have died from wounds suffered in the Oct. 16 shooting spree of George J. Hennard, bringing the death toll to 25, including Hennard himself.

The incident was the worst multiple shooting since the murder of 21 people at a McDonald's unit in San Ysidro, Calif., in 1984. McDonald's eventually closed that restaurant and dedicated the site as a memorial to the persons who were killed.

Southland inks deal to bolster presence in Boston

BOSTON — Southland Corp. said it has agreed to sell 47 7-Eleven convenience stores and six Quick Mart outlets in the Boston area to Christy's Market Inc., operator of 130 Christy's convenience stores there.

As part of the agreement, Christy's will convert its stores into franchised 7-Eleven outlets, which will give the segment-leading chain a much larger presence in and around Boston. The changeover is scheduled to be completed by June 1992.

The units sold to Christy's will also continue to operate under the 7-Eleven banner.

Terms of the deals were not disclosed.

Friendly opens new concept in Cincinnati

CINCINNATI — Friendly Ice Cream, operator of the 785-unit Friendly's family restaurant chain, has opened a new concept called Company C on the site of a shuttered Friendly's unit here.

However, a company spokesman said the outlet is "the only one we plan on building." He called it a research and development project.

Company C currently occupies what had been a Friendly's unit that closed about five months ago.

Friendly's has eight units in the Cincinnati market. The chain is a sister chain of Perkins Family Restaurants.

Hilton sued by former division

BEVERLY HILLS, Calif. — Hilton Hotels Corp. said it is being sued by its former international division, Hilton International Inc., in a dispute over development rights granted in 1964.

When Hilton Hotels spun off Hilton International that year, it gave the onetime subsidiary exclusive rights to develop Hilton hotels outside of the United States. Hilton International maintains in its suit that Hilton Hotels has violated that agreement by opening Conrad International hotels overseas.

Hilton Hotels maintains that the deal precludes it only from using the Hilton name overseas, not from opening hotels bearing a different brand name. Calling the suit "frivolous," Hilton Hotels noted that it has been developing Conrad International hotels since the early 1980s.

Moynihan unearths his plan to cut Social Security tax

WASHINGTON — Trying to capitalize on the tax-cutting fervor building here, Sen. Daniel Patrick Moynihan, D-N.Y., has dusted off his plan to cut the Social Security payroll tax paid by restaurateurs and all other employers.

The senator has indicated that he will attempt to append his plan to any tax-revision bill that arises this fall.

The initiative calls for cutting the tax by a full percentage point over several years. The levies paid by employees would be similarly trimmed.

Moynihan first aired his proposal almost two years ago. However, he failed to win sufficient support from his colleagues to put the measure into a bill, despite the urgings of business groups like the National Restaurant Association. The Senate voted 60-38 last April to table the tax cut.

Holiday Inn unveils 2 resort concepts

SAN DIEGO — Holiday Inn, in its first major product introduction since it was acquired by Bass PLC, has unveiled two new resort concepts: Holiday Inn Sunspree Resorts and Holiday Inn Crowne Plaza Resorts.

The Sunspree properties will be targeted at the midscale customers who frequent conventional Holiday Inns, while the Crowne Plaza properties will be positioned for a more upscale clientele, the company said.

The hotels will be built from scratch and converted from existing properties, Holiday added.

Dial considers reorganization

PHOENIX — Dial Corp., parent company of the Restaura contract-feeding operation, said it is considering plans to divest several of its other businesses, including its Greyhound Financial and Greyhound European Financial financing groups.

The move would pare down Dial's businesses to its contract feeding and customer services operations.

In a statement Dial chairman John Teets cautioned that an actual proposal has yet to be drafted and submitted to Dial's board. But, he said, such a move would be consistent with Dial's efforts to focus on its consumer- and service-oriented divisions.

FINANCIAL NEWS

Apple South offers IPO to fund future growth

by Peter O. Keegan

MADISON, Ga. — Apple South, a 40-unit Applebee's Neighborhood Grill & Bar and 10-unit Hardee's franchisee, is hoping to raise nearly $11 million through its first public stock offering.

The company said it would use proceeds of the IPO to retire debt and fund expansion of the Applebee's dinner-house concept.

Apple South holds the exclusive development rights for Applebee's restaurants in 15 states, most of which are in the Southeast, and it is the nation's largest operator of Applebee's restaurants.

Apple South declined to comment on the offering.

But Abe Gustin, president and chief executive officer at Applebee's International, said the company supported Apple South's move, particularly in the face of a tough lending climate. "They have grown so large it has become difficult to obtain financing," he said.

Of the 1.3 million issues of common stock that will be offered, 1 million are being sold by Apple South Inc., and 300,000 are being sold by chairman and chief executive Tom E. DuPree Jr.

DuPree, 39, currently owns 92 percent of the company's common stock. Following completion of the offering, he will own approximately 61 percent of the company's total 3.9 million common shares outstanding.

The franchise agreement with Applebee's International dictates that DuPree must maintain 51 percent of the company's ownership unless Applebee's approves otherwise, according to Gustin.

A prospectus filed with the Securities and Exchange Commission states that the initial public offering price will be between $11 and $13.

The company is looking to generate approximately $10.9 million after expenses and plans to use $2.8 million of the net proceeds to pay debts resulting from construction loans and other debt associated with opening new restaurants.

Another $6 million will be earmarked to finance the development of new restaurants, with the balance going toward working capital and other general corporate expenses.

Apple South plans on opening 10 to 12 Applebee's restaurants per year for the next two years and has no current plans to open additional Hardee's units.

In the SEC statement, the company said it could ultimately support at least 100 new Applebee's restaurants. Gustin noted that Apple South is only 40 percent developed so far and, according to the franchise agreement, has the rights to develop 118 stores. This year Apple South opened two restaurants, and another is under construction.

The report stated that Apple South would like to enter into agreements for new territories and would consider the acquisition of existing Applebee's restaurants and franchisees.

It also stated that DuPree has approached the franchisor, Applebee's International, "for preliminary discussions regarding transactions that would allow the Company or Mr. DuPree to acquire, or obtain control of, the Franchisor." The filing went on to say that the franchisor had no interest in the proposition. "He did talk to us, but the conversation was limited," Gustin confirmed.

Apple South also said it would consider acquisition and development of other restaurant concepts in the future but has no current plans to do so.

The company reported that during 1990 and 1991 the average cost of developing and opening Applebee's restaurants was approximately $1.2 million. The filing also reported that average annual sales volume for the 32 stores that were open one year before June 30, 1991, was $1.5 million.

For the six months ended June 30, sales at Apple South's Applebee's units were up 20 percent, to $28.9 million, for the period. Total restaurant sales, including the Hardee's units, increased by 16 percent, to $32.7 million, during the first six months of 1991. The company posted $49.8 million in sales in 1990 for its Applebee's division, up 54 percent over 1989.

The increase in restaurant sales, resulting from new restaurants, was offset by a 6.1-

(See APPLE SOUTH, page 83)

FOOD PRICE OUTLOOK

Red meat prices stay in stable range

by Patt Patterson

It doesn't seem to matter right now to **beef** prices whether there's not as many feeder cattle on the nation's feedlots. The reason for the decline in feeding is that slaughter has been heavy, and replacements have not been keeping up with sales. However, the cattle on the lots are heavier than average, and this means that the discrepancy isn't as wide yet as the numbers would indicate. But don't expect prices to hold in their present range forever. Next spring could see a jump if feedlot operators don't soon start increasing the number of cattle on feed.

Hogs are a somewhat different story. There are more hogs out there right now than there were last year. The farmers who have been raising them have been getting them into market even through the heavy harvest periods.

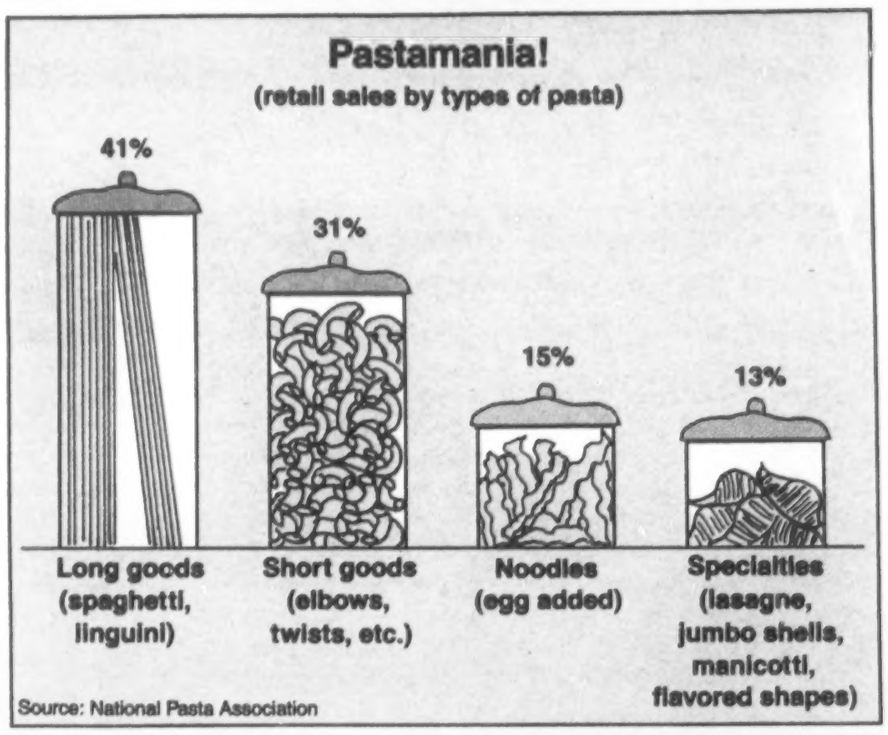
So prices on **pork** have stayed stable — and lower than last year by about 8 percent to 10 percent. The difference from the beef picture is that there are still a lot of hogs out there. Farmers are still indicating farrowing intentions are stronger than last year's. So there should be stable to lower pork prices well into next year.

Poultry, on the other hand, is moving up a little. These last few months the variation in price has been in a pretty restricted range. Now, however, prices are running about 3 percent to 5 percent higher than they were last year at this time. Indications are that demand is strong and producers are still holding pretty tight reins on increases.

A smaller Northwestern Bartlett **pear** pack has pushed packers' prices up. Northwest purple **plum** pack is also down, with prices moving up.

Iceberg lettuce production is moving from the Salinas Valley into the Central San Joaquin Valley, with prices at moderate levels. Heat has caused quality to vary widely. In mid- to late-November the southern desert areas should get under way. Prices look as if they'll stay fairly stable through the end of the year, barring any disruptions in growing or harvesting.

FACT FILE



FINANCIAL DIGEST

TV ads, remodelings boost ShowBiz Pizza

IRVING, Texas — ShowBiz Pizza Time attributed store remodeling and increased television advertising to a 16-percent boost in net income on a 12-percent jump in revenues.

For the period ended Sept. 27, the company cleared $5.1 million on a revenue base of $54.2 million.

"I think it goes back to a lot of the capital we've invested at many of the restaurants," said Mike Magusiak, chief financial officer of ShowBiz. "We've also been running a fairly aggressive marketing campaign on television . . . throughout the year."

The 273-unit pizza chain also operates a number of Chuck E. Cheese and Monterey's Tex-Mex Cafe restaurants.

Through the first nine months, ShowBiz said, net income increased 30 percent, to $15.2 million, on a 14-percent gain in revenues, to $138.9 million.

Bob Evans to buy back stock shares

COLUMBUS, Ohio — Bob Evans Farms' board of directors has approved a plan to buy back 500,000 shares of the company's common stock in private and public negotiations until April 1992.

The company said the issues will be reinvested in Treasury shares and will thereafter be available for reconversion into stock or other options or general corporate purposes.

The company said the timing of the purchases will depend on market conditions.

There are 31.3 million total shares of Bob Evans common stock outstanding. The share price closed in recent trading at $19.13, close to its 52-week high.

Frisch's cuts operating costs, doubles net

CINCINNATI — Frisch's Restaurants, a 100-unit Big Boy franchisee, said its first-quarter net income more than doubled, to $1.6 million, despite a 2-percent decrease in revenues, to $44.5 million, for the period ended Sept. 21.

The company said the 107-percent gain in earnings came from lower food costs and reduced operating expenses as well as from elimination of underperforming units in Florida and the Southwest.

Frisch's also included in its profits supplemental distribution of income from the company's investment in the Cincinnati Reds baseball team. The company attributed the decline in sales to discontinued operations in Florida and the Southwest.

Carl Karcher's earnings fall 25% in 2nd Q

ANAHEIM, Calif. — Carl Karcher Enterprises, operator of the Carl's Jr. hamburger chain, reported a 25-percent decline in net income, to $3.7 million, on a 5-percent gain in revenues, to $131.4 million, for the second quarter ended Aug. 21.

For the six-month period, net income fell by more than 37 percent, to $6.4 million even though revenues rose 5 percent, to $296.3 million.

Donald F. Karcher, president and chief operating officer, attributed the decline in earnings to tough quarterly comparisons.

"California's economy fell into recession later than the regional economies of many other areas of the country," he said in a statement. "Consumers have tightened their belts accordingly, and we are seeing lukewarm sales as a consequence."

IDQ's 3rd-Q net income rises 5 percent

MINNEAPOLIS — International Dairy Queen said its third-quarter net income rose 5 percent, to $10.1 million, on a 3-percent gain in revenues, to $89.2 million. For the nine months ended Aug. 30, revenues rose 0.6 percent, to $229 million, while net income climbed just 0.4 percent, to $21.7 million.